



Irish Life Weekly Investment Bulletin

The week that was – WEEK 20 2018 (ending 18/05/2018)

“Whatever you can do, or dream you can, begin it.” – Johann Wolfgang von Goethe

‘Brexit war cabinet’ supports stay in the EU customs union beyond 2020 if required – The ministers in the Brexit inner cabinet agreed the UK would retain key aspects of the customs union as a backstop solution if the Irish border problem was not resolved. The proposal may encourage the EU to continue wider trade talks.

German economic growth slowdown in Q1 – Contrary to the excellent growth seen in 2017, the federal statistics authority Destatis reported that the economy grew by 0.3% quarter-on-quarter between January and March, half the rate seen in Q4 and 0.1% less than analysts surveyed by data company Factset had predicted.

Global stock market down 0.2% on the week – The MSCI AC World TR Index showed a -0.16% return from 11th May to 18th May, as the U.S. 10-year Treasury yield hit 3.12%, its highest level in seven years but the China/U.S. trade war showed signs of appeasement. The Vix closed the week at 13.42, up slightly from 12.65.

Italian government bond yields rise as coalition government nears – The 5-Star Movement and Northern League Party have struck a deal to form a government which needs sign-off but fears about their policies such as government spending increases have pushed government bond yields up about 0.5% in recent weeks.

North Korea casts doubt on U.S. summit – North Korean officials threatened to pull out of the planned 12th June summit in Singapore between North Korean leader Kim Jong Un and U.S. President Donald Trump if the U.S. insists on North Korea giving up its entire nuclear program for economic aid and security assurances.

Brent oil hits \$80 for first time since late 2014 – Brent North Sea crude oil jumped to US\$80.50 during the week, its highest level since November 2014 with the International Energy Agency saying that oil supplies could be hit by the U.S. decision to pull out of the Iran nuclear deal and by falling production in Venezuela.

The Story of the week: 3Sheets restaurant in Hillary’s Boat Harbour in Perth, the capital of Western Australia has now armed customers with water pistols to stop particularly annoying seagulls from undermining their waterfront dining experience. Customers say the strategy has worked. Toby Evans, the owner, said the problem was unusually bad and something had to be done to keep customers from being scared away. "It was bad, it was bad. I think it's the time of year," he told Nine Network television on Wednesday. "Now they are getting cheekier and cheekier."

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 18/05)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	2.4
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	1.8
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	3.2
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	3.6
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	2.2
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	6.5
Nikkei 225	56.7	7.1	9.1	0.4	19.1	0.7
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	0.7
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.1
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	3.1
German	1.9	0.5	0.6	0.2	0.4	0.6
UK	3.0	1.9	1.9	1.2	1.2	1.5
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	1.0
Italy	4.1	2.1	1.6	1.8	2.0	2.3
Greece	8.2	9.6	7.9	7.1	4.1	4.6
Portugal	6.1	2.7	2.5	3.8	1.9	1.9
Spain	4.1	1.6	1.7	1.4	1.6	1.5
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	1.75
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.17
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.87
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.34
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.2	12.3	36.1	25.1	12.6	8.1%
U.K.	2.7	10.7	17.8	13.1	3.6	10.3%
U.S.	5.3	11.4	11.2	12.1	7.8	7.1%

*Past performance is not a reliable guide to future performance